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ABSTRACT

This document provides feedback on the second phase of the initiative to reward and develop staff in higher education. It includes a preliminary analysis of institutions' human resource (HR) strategies and lists the higher education institutions (HEIs) that have submitted strategies classified as full or full with conditions. In 2001, institutions were able to submit an HR strategy for the full 3 years (full) or to make an interim submission (emerging strategy). A total of 109 institutions presented full strategy submissions in June 2002. A team of consultants and staff from the Higher Education Funding Council for England (HEFCE) reviewed the submissions, and the majority were approved as full strategies, although a significant number included conditions to be fulfilled as part of the HEFCE acceptance. The strategies submitted demonstrated improved HR management practices across the sector as well as improved clarity and focus in the strategies developed. One appendix (annex) lists the institutions submitting full or "full with conditions" strategies, and the others list priority areas for HR development and members of the Advisory Group consulting on this initiative. (SLD)

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ED 470 586

October 2002/**45**
**Special initiative**
Report on funded projects
Any conditions should be met by
1 December 2002

This document provides feedback on the second phase of the initiative to reward and develop staff in higher education. It includes a preliminary analysis of institutions' human resource strategies, and lists the HEIs that have submitted strategies classified as full or full with conditions.

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# Rewarding and developing staff in higher education

## Outcome of phase two

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## Rewarding and developing staff in higher education

Outcome of phase two

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|---|---|
| To | Heads of higher education institutions funded by the HEFCE and the Teacher Training Agency |
| Of interest to those responsible for | Human resources management, Strategic management |
| Reference | 2002/**45** |
| Publication date | October 2002 |
| Enquiries to | Tracy Allan<br>tel 0117 931 7025<br>e-mail t.allan@hefce.ac.uk |

**Executive summary**


Purpose

1. This document provides feedback on the second phase of the initiative to reward and develop staff in higher education. It includes a preliminary analysis of institutions' human resource strategies, and the status of those strategies.

Key points

2. The vast majority of institutions submitted strategies that were classified as full or full with conditions (see Annex A).

3. The additional funding is as indicated in HEFCE 02/09. Funds are being profiled with institutions' core grant in the normal way, payable from August 2001. The funding was allocated in proportion to institutions' combined basic recurrent HEFCE grants for teaching and research. The Teacher Training Agency (TTA) provides support under this initiative for TTA-funded initial teacher training activity, allocated in proportion to mainstream funding.

Action required

4. Those HEIs with strategies assessed as full with conditions have been asked to meet the conditions by **1 December 2002**.

**Introduction**

5. In the HEFCE's November 2000 letter of guidance from the Secretary of State, the Government announced an additional £330 million over three years to improve the management of human resources (HR) within higher education. This was intended to assist recruitment and retention of staff and to modernise the systems used to manage human resources in institutions. Funding was allocated in proportion to an institution's total core funding from the HEFCE: the assumed resource for teaching, plus the basic research grant. The Teacher Training Agency (TTA) provides support under this initiative for TTA-funded initial teacher training activity.

Phase one

6. In 2001, institutions were able to submit an HR strategy for the full three years (a full strategy) or to make an interim submission for the first year only (an emerging strategy), with the expectation that a further refined and updated strategy submission would be made in 2002. We undertook a competitive tendering process, and appointed the Office for Public Management (OPM) as independent, external consultants to help us analyse the HR strategies. In 2001, the majority of higher education institutions (HEIs) submitted emerging strategies and nearly all were approved as such. Forty-two institutions submitted full strategies, of which 19 were approved as full and 23 were approved as emerging.

7. HEFCE 01/58 reminded HEIs that those with emerging strategies were required to submit a full HR strategy by June 2002. As before, we would release funding to institutions on receipt of a strategy that identified objectives, described how the money would be spent, and set specific targets. These would include improvements both to outcomes and to human resource management processes. Recognising the diversity of needs across institutions, we stated that it was for institutions themselves to determine their priorities and how these would be tackled, but that we expected the strategies to cover six priority areas. These are set out in Annex B.

8. We funded a number of measures to support HEIs in developing their emerging strategies into full ones. In autumn 2001, a series of workshops run by the Universities and Colleges Employers Association (UCEA) enabled HEIs to share good practice as they continued work on their HR strategies. In addition, a draft good practice guide to setting HR strategies was made available on the HEFCE web-site from October 2001, and the final version of the guide was published in March 2002 (HEFCE 02/14). We also offered free HR consultancy advice and support to all HEIs.

Phase two

9. A total of 109 institutions presented full strategy submissions in June 2002. As in phase one, a team of consultants at OPM carried out the assessment work, agreeing common approaches to interpretation and evaluation. In addition, two members of the assessment team cross-checked a sample of evaluations from each assessor, to ensure overall consistency and quality control. At the same time, we reviewed the strategies independently for coherence with the institution's mission. Following assessment, the great majority of strategies were approved as full strategies, although a significant proportion of approvals included further conditions to be fulfilled by the institution as part of that acceptance.

**Analysis of human resource strategies submitted in 2002**

10. The preliminary assessment of HR strategies from institutions in both 2001 and 2002 has shown some consistent messages about relative strengths and weaknesses and about the state of HR development in the sector. Significant improvements have been made between strategy submissions in 2001 and those in 2002. In a number of institutions, considerably more work went into the analysis that underpinned the strategy and its development in 2002, which in turn helped institutions to define priorities more clearly and develop more robust plans to improve HR practices in the future. There is also evidence that a wider cross-section of managers and other staff were brought into the work in 2002.

11. The strategies demonstrate improved human resource management practices across the sector. In this first year, institutions have implemented a range of solutions to tackle the six priority areas. There is evidence that the initiative has resulted in significant changes being introduced at an institution level, including: improvement in HR infrastructure; policies to address recruitment, progression and performance management; initiatives to tackle equal opportunities and job evaluation issues; and measures to improve the level of management skill. These have the potential to raise the level of institution performance and that of the sector as a whole.

12. We have observed trends that point to the evolution of HR management from a transactional approach focused on administration, to a transformational approach focusing more on strategy and change within the sector. There is also a great deal of evidence that the project funding has either kick-started fundamental change in HR practice or speeded up implementation of planned initiatives, both with very positive impacts.

13. HEIs have principally sought to use the first year's money to tackle the first three priority areas. They have also been able to develop their HR infrastructure through recruitment of specialists and development of HR management information systems. Although there is clear evidence that the building blocks for measured change are being developed, it is too early to suggest that fundamental change has been achieved, and too soon for the evidence to be available that indicates a causal link to sector performance as a whole. We plan to adopt a long-term evaluation methodology to assess the impact of this initiative at later stages.

14. The submissions in 2002 showed noticeable improvements in:

- the clarity of direction and focus in the strategies
- integration between HR strategies and wider corporate goals and other institutional strategies
- the assessment of current practice and performance in HR and the lessons learnt from past experience
- the importance given to managing organisational and cultural change in the implementation plans, including arrangements for monitoring and evaluating the work and communicating with staff.

15. However, the conditions set as part of the acceptance of the majority of strategies in 2002 suggest that there are a number of common problems which many institutions still need to address, by:

a. Providing improved data on key HR activities as part of the evidence base to underpin priorities, set quantitative targets and monitor progress.

b. Developing targets that are specific, measurable, agreed, realistic and time-limited (SMART), especially at the outcome level. The need for improved targets was particularly noticeable in the equal opportunities section of many strategies.

c. Providing more detailed implementation plans, including clearer timescales and accountabilities, tighter project management and clearer processes for monitoring and evaluating the work.

d. Providing a clearer breakdown of spending plans and the division between core funding and HEFCE special initiative funding.

**Advisory group**

16. We set up an advisory group to consider the analysis of the strategies, and to make recommendations on the outcomes and associated funding (the membership of the group is at Annex C). Once the advisory group had considered the recommendations, all HEIs were advised in writing of the outcome of their own strategy by the end of July 2002. The letter included detailed, constructive, developmental feedback. Eleven HEIs sought clarification on the feedback, particularly relating to the conditions set. Working with OPM, we have been able to explain the requirements and thus reassure the institutions about our expectations and their responsibilities.

**Monitoring**

17. Progress against targets will be monitored each year through the annual operating statement.

**Next steps**

18. By the end of the year we will make available an evaluation of the Rewarding and Developing Staff initiative. Once we know the detail of the Government's 2002 Spending Review, we will consider how to take forward the initiative from 2004. We intend to consult with the sector on our plans in January 2003. Work needs to progress in a sustained way, continuing opportunities for institutions to learn from each other.

**Annex A**

## HR strategies classified as 'full' or 'full with conditions'

| |
|---|
| Anglia Polytechnic University |
| Aston University |
| Bath Spa University College |
| University of Bath |
| Birkbeck College |
| University of Birmingham |
| Bishop Grosseteste College |
| Bolton Institute of Higher Education |
| Bournemouth University |
| University of Bradford |
| University of Brighton |
| University of Bristol |
| Brunel University |
| Buckinghamshire Chilterns University College |
| Institute of Cancer Research |
| University of Cambridge |
| Canterbury Christ Church University College |
| University of Central England |
| University of Central Lancashire |
| Central School of Speech and Drama |
| Chester College of Higher Education |
| City University |
| College of Ripon and York St John |
| College of St Mark and St John |
| Coventry University |
| Cranfield University |
| Cumbria College of Art and Design |
| Dartington College of Arts |
| University of Derby |
| De Montfort University |
| University of Durham |
| University of East Anglia |
| University of East London |
| Edge Hill College of Higher Education |
| Institute of Education |
| University of Essex |
| University of Exeter |
| Falmouth College of Arts |
| University of Gloucester |
| Goldsmiths College, University of London |
| University of Greenwich |
| Harper Adams University College |
| University of Hertfordshire |

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|---|
| University of Huddersfield |
| University of Hull |
| Imperial College of Science, Technology & Medicine |
| Keele University |
| University of Kent at Canterbury |
| Kent Institute of Art and Design |
| King Alfred's Winchester |
| King's College, London |
| Kingston University |
| Lancaster University |
| University of Leeds |
| Leeds Metropolitan University |
| University of Leicester |
| University of Lincoln |
| University of Liverpool |
| Liverpool Hope University College |
| Liverpool John Moores University |
| London Business School |
| London Guildhall University |
| The London Institute |
| London School of Hygiene and Tropical Medicine |
| Loughborough University |
| University of Luton |
| University of Manchester |
| Manchester Metropolitan University |
| Middlesex University |
| University of Newcastle |
| Newman College |
| University of North London |
| Northern School of Contemporary Dance |
| University of Northumbria at Newcastle |
| Norwich School of Art & Design |
| University of Nottingham |
| Nottingham Trent University |
| University of Plymouth |
| University of Portsmouth |
| Open University |
| School of Oriental and African Studies |
| University of Oxford |
| Oxford Brookes University |
| School of Pharmacy |
| Queen Mary, University of London |
| Ravensbourne College of Design and Communication |
| University of Reading |
| Rose Bruford College |
| Royal Academy of Music |

| |
|---|
| Royal College of Art |
| Royal College of Music |
| Royal Holloway, University of London |
| Royal Northern College of Music |
| Royal Veterinary College |
| University of Salford |
| University of Sheffield |
| Sheffield Hallam University |
| South Bank University |
| University of Southampton |
| Southampton Institute |
| St Martin's College |
| St Mary's College |
| St George's Hospital Medical School |
| Staffordshire University |
| University of Sunderland |
| University of Surrey |
| University of Surrey Roehampton |
| Surrey Institute of Art and Design |
| University of Sussex |
| University of Teesside |
| Thames Valley University |
| Trinity & All Saints |
| Trinity College of Music |
| UMIST |
| University College Chichester |
| University College Northampton |
| University College Worcester |
| University College London |
| University of the West of England |
| University of Warwick |
| University of Westminster |
| University of Wolverhampton |
| University of York |
| Wimbledon School of Art |
| Writtle College |

**Annex B**

## Priority areas for HR strategies

1. Each HR strategy should cover the following areas:

   a. Address recruitment and retention difficulties in a targeted and cost-effective manner.

   b. Meet specific staff development and training objectives that not only equip staff to meet their current needs but also prepare them for future changes, such as using new technologies for learning and teaching. This would include management development.

   c. Develop equal opportunities targets, with programmes to implement good practice throughout an institution. This should include ensuring equal pay for work of equal value, using institution-wide systems of job evaluation. This could involve institutions working collectively – regionally or nationally.

Strategies should also cover how institutions will address (or are already addressing) the need to achieve:

   d. Regular reviews of staffing needs, reflecting changes in market demands and technology. The reviews would consider overall numbers and the balance of different categories of staff.

   e. Annual performance reviews of all staff, based on open and objective criteria, with rewards connected to the performance of individuals including, where appropriate, their contribution to teams.

   f. Action to tackle poor performance.

Annex C

## Advisory Group membership

| | |
|---|---|
| **Sir Howard Newby (Chair)** | Chief Executive, HEFCE |
| **Professor Geoffrey Copland** | Vice-Chancellor, University of Westminster |
| **Catherine Guest** | Funding and Allocations Team, Teacher Training Agency |
| **Alan Gibson** | Chair of Council (and UCEA Board member), University of Salford |
| **Professor Joyce Hill** | Director, Equality Challenge Unit, Universities UK |
| **Julie McLelland** | HR Director, College of Ripon & York St John |
| **Ged Murray** | Director of Personnel Services, University of York |
| **Sally Neocosmos *** | Chief Executive, HESDA |
| **Professor Maggie Pearson** | Deputy Director, Human Resources, Department of Health |
| **Jocelyn Prudence** | Chief Executive, UCEA |
| **Dr John Rea** | Principal, College of St Mark and St John |
| **Louise Redmond** | Vice-President, Merger Integration Team, GlaxoSmithKline |

* New member from September 2002

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